



Dear Neil,

Below we have tried to broadly address some of your general inquiries conveyed in your recent email. Most of your questions seem to focus on North Tampa Behavioral Hospital (NTBH). Given that Mr. Coleman has responded and provided detailed written information, we will not be commenting further as it relates to NTBH, a high-quality facility providing much needed care in its region.

Based on your general statements and characterizations, it regrettably appears that your currently planned reportage will provide your readers an inaccurate, distorted and incomplete portrayal of Acadia Healthcare, our values, demonstrated record of high quality clinical, compliance and patient satisfaction results while mostly ignoring the overall realities of behavioral health hospital operations, treatment, the patients we serve and the nuances of the regulatory oversight and compliance process governing all health providers.

It is our hope that the enclosed information will assist in providing a more subjective, appropriately contextualized depiction of our company and industry based on aggregate data as opposed to anecdotal, non-representative incidents, allegations and sensationalized inferences.

Thank you for your time and attention.

Sincerely,

Gretchen Hommrich
TITLE

About Acadia –Record for Quality Clinical Care, Regulatory Compliance & Patient Satisfaction

Acadia Healthcare (ACHC: NASDAQ) is the largest private, exclusively focused specialty behavioral health treatment provider in the U.S. with its subsidiaries successfully providing evidence-based, compassionate care across 586 facilities with approximately 18,000 beds in 40 states, Puerto Rico and the United Kingdom. Acadia provides behavioral health and addiction services to millions of patients annually in a variety of settings, including inpatient psychiatric hospitals, specialty treatment facilities, residential treatment centers and outpatient clinics. Our independently validated clinical expertise in behavioral health coupled with a commitment to responsible financial stewardship and corporate social responsibility and philanthropy has enabled us to expand access and treatment options in many needy communities that we are proud to call home.

Since our founding in 2005, Acadia's sacred mission has remained constant: *to improve the lives and well-being of our patients through successful, compassionate treatment and recovery.*

We take our responsibilities to our patients, their families and our employees extremely seriously as represented in our key principles:

- *Understanding of and sensitivity to our patients and their families;*
- *Appreciation and practical integrated application of the most current practices of psychotherapy, psycho-dynamic clinical care, and psycho-education;*
- *Engagement and cooperation with the persons and organizations working together for the benefit of our patients;*
- *Commitment to promote and improve the mental well-being of our community*

Our strong, tenured [senior leadership team](#) has over 130 years of combined behavioral health industry experience achieving superior operational and clinical quality performance results. For example:

- **Acadia CEO Debbie Osteen** has over 3 decades of successful BH industry leadership experience with numerous facilities under her supervision receiving clinical quality recognitions from respected independent accreditation and healthcare industry media platforms. Ms. Osteen served as past President of the National Association of Psychiatric Health Systems (now known as the National Association of Behavioral Healthcare). She also served on the Executive Committee of the National Action Alliance for Suicide Prevention, a public-private partnership advancing the national strategy for suicide prevention.
- **Acadia Chief Medical Officer Michael Genovese** is an attorney, clinical psychiatrist and addiction specialist regularly consulted for his expertise by respected industry organizations and media platforms. Dr. Genovese serves on the CMO Corporate Council of the Joint Commission, seeking to optimize quality and safety in healthcare. He is a diplomate of the American Board of Psychiatry and Neurology, a member of the American Psychiatric Association, the American Medical Association, the American Academy of Addiction Psychiatry and the American Society of Addiction Medicine. He also serves as Medical Director of the Officer Safety and Wellness Committee of the FBI National Academy Associates (FBINAA), helping to equip first responders with the tools they need to withstand, recover and grow following repeated trauma.

Acadia, its leaders and subsidiary treatment facilities enjoy long term relationships of trust, ongoing [philanthropic support](#) and frequent mutual collaborations with nationally recognized behavioral health advocacy and industry organizations including the National Association for Mental Illness (NAMI), Treatment Advocacy Center, Jason Foundation, National Association for Behavioral Health, National Action Alliance for Suicide Prevention and many others.

All Acadia facilities are fully licensed in each state and accredited by independent, respected third party organizations with decades of experience conducting robust inspections and quality care clinical assessment surveys on behalf of the federal government, including The Joint Commission (TJC) and Commission on Accreditation of Rehabilitation Facilities (CARF). They are also certified in good standing with all relevant state and federal government regulatory agencies and insurance programs (e.g. Medicare, Medicaid, TriCare) and commercial providers. **In the entire 14-year history of Acadia during which time millions of patients were successfully treated at hundreds of care sites across the country, zero Acadia subsidiary treatment facilities have failed to be accredited, re-**

accredited, lost its state hospital license or been suspended or de-certified by CMS or any other government health program. Similarly, the majority of facilities' regulatory surveys (both state and federal) result in overall determinations of substantial compliance with all major accreditation, licensure and Conditions of CMS Participation (COP).

Acadia subsidiary facilities also strictly adhere to all reporting requirements and maintain strong multi-year track records on numerous independently administered, evidence-based clinical quality performance tracking and measurement programs. These include TJC's HBIPS (Hospital Based Inpatient Psychiatric Services) Core Measures and CMS' Inpatient Psychiatric Facility Quality Reporting Program (IPFQR) used by over 1,600 psychiatric hospitals to measure clinical accountability metrics linked to improved patient outcomes which are periodically updated and published online at TJC's *Quality Check*, CMS' *Hospital Compare* and elsewhere. **In aggregate, Acadia's behavioral health facilities meet or surpass (in some cases by large margins) national averages in the majority of measured categories, including those related to patient safety. Acadia consistently endeavors to improve its aggregate scores as part of its overall quality assurance, compliance initiatives and ongoing clinician training programs** including but not limited to [Code of Conduct](#) and third party operated 24 hour compliance reporting hotline.

Acadia subsidiary hospital patients also report high levels of overall satisfaction with the care received at our subsidiary hospitals. For example, over the past 14 months with over 7,000 anonymous patient surveys, 78% of respondents rated their overall care as Very Good or Good, with 84% stating that their conditioned approved, 78% who would strongly recommend the facility to a friend or loved one and 85% stating that they felt hopeful as a result of their care.

Isolated, Negative Incidents & Allegations in Perspective:

In your email, you make generalized reference to "multiple problems with abuse and neglect across its facilities." Acadia Healthcare rejects this overly broad, inaccurate and wholly non-representative characterization of our facilities' aggregate operations and clinical track record. We also wish to make absolutely clear that our policies, procedures and protocols are designed to promote a compassionate, patient centered and therapeutic treatment environment with zero tolerance and mandated full investigation and remediation of any allegation or purported incident of abuse or neglect and/or negative regulatory feedback at our hospitals.

As an overall matter, aggregate rates of serious and grave level incidents at Acadia facilities comprise an infinitesimally small percentage of total patient treatment encounters. **To illustrate, over the past 3.5 years during a period covering approximately 541,000 distinct inpatient admissions and over 8.6 million individual patient treatment days: Acadia rates of serious and grave incidents was 0.0099% of total patient admissions across all facilities.** We believe these very low rates are a testament to the hard work, compassion and dedication of our employees and strong corporate culture emphasizing adherence to compliance and clinical best practices. While specific, consistent data is not publicly available across all BH providers, Acadia strongly believes that its rates of serious

negative incidents favorably compares to its peers treating similar patient populations in equivalent care settings.

Nevertheless, no large health or hospital system providing treatment to hundreds of thousands and/or millions of high complexity patients across hundreds of facilities whether behavioral health or medical-surgical, will ever be completely immune from isolated regrettable incidents or sporadic undesirable patient experiences. In the rare instance where an outcome or event at an Acadia treatment facility deviates from our very high standards and expectations, we fully investigate the situation to determine lessons learned and whether updates to procedures and policies are warranted, including holding employees (regardless of their position in the company) fully accountable for any improper actions that depart from their training and Acadia's values. Our overall focus during these uncommon situations is to provide support to anyone negatively impacted and to work expeditiously to diminish the possibility of similar matters re-occurring. Ensuring that we can maintain a consistently safe, therapeutic and compassionate care environment for all patients is and will always remain a top priority of Acadia and all our subsidiary treatment facilities.

Acadia Healthcare Executive Compensation Policies:

Like all senior executives at Acadia and many similar large healthcare operators, Ms. Osteen's compensation is independently determined by the company's Compensation Committee which is comprised of three independent directors based on guidance and consultations with outside compensation experts and is commensurate with current industry health and hospital trends for similarly tenured and accomplished leaders. As disclosed on our company's public filings, significant aspects of Ms. Osteen's compensation are contingent on meeting and exceeding a variety of key operational and clinical performance metrics.

Government Inquiries & Investigations:

Acadia Healthcare respectfully disputes any allegation or contention that it or its subsidiary hospitals have knowingly engaged in civil fraud. Nevertheless, in light of the large amount of federal and state reimbursements providers receive from government payor programs coupled with the increasing complexity of billing and coding protocols, government-initiated inquiries, information requests, audits, recoupment actions and similar investigations are highly common occurrences across the industry and in no way unique to Acadia. In 2018, aggregate U.S. Department of Justice healthcare industry legal settlements (including False Claims Act) totaled over \$8 billion, involving hundreds of med/surgical, specialty and BH hospital operators including non-profit, for-profit academic medical centers and government owned. None involved Acadia or any of its subsidiary facilities.

It is Acadia's consistent policy to fully disclose the existence of and cooperate fully with, all government inquiries even when we may strongly disagree and dispute the factual basis and legal merits of the matters being examined. It is also critical to note that none of the currently disclosed, in progress inquiries have resulted in any formal allegations, findings of fact or law, government initiated lawsuits or charges of any kind against Acadia Healthcare or any of its subsidiary facilities. We will continue to work collaboratively with all involved investigatory parties, including where applicable, providing verifiable evidence, internal

clinical documentation and supporting data that refutes and disproves potential claims of fraudulent conduct. Importantly and contrary to nearly all of our similarly sized hospital provider peers, Acadia's historical False Claim Act related lawsuit settlements are extremely small, comprising a single resolution in our entire 14-year history.

In May of this year, Acadia fully resolved a civil investigation by the West Virginia U.S. Attorney's office involving technical and complex state and federal billing and coding procedures governing reimbursement for lab testing services. The settlement, which did not include any formal findings on the merits nor admissions of liability by Acadia, related to alleged practices originating years prior to Acadia's acquisition and operational control of a small number of medication-assisted treatment clinics formerly operated by CRC Health Group. Importantly, there were zero allegations or issues identified with the level of quality of care provided to patients or the medical necessity of such care. Acadia and its subsidiaries cooperated fully with all involved parties during the entire course of the investigation and was pleased to have reached this resolution so we could continue dedicate our attention and resources towards serving the needs of our patients and their families.